Creating Your Financial Future

_A Financial "Tip" Sheet
2000-9

How Financially Savvy Are You?

In early 2000, a Personal Financial Survey was given to 723 12th grade students from across the country. The 30 question multiple-choice questionnaire surveyed students knowledge in the areas of money management, saving, managing credit, spending and investing. Students participating scored poorly averaging only 51.9%.

Here is a sample of the questions asked in this survey.

1. *If you had a savings account at a bank, which of the following would be correct concerning the interest that you earn on this account?*

   a.) earnings from savings account interest may not be taxed.
   b.) Sales tax may be charged on the interest that you earn
   c.) Income tax may be charged on the interest if your income is high enough
   d.) You cannot earn interest until you pass your 18th birthday

2. *Walter must borrow $10,000 to complete his college education. Which of the following would **not** be likely to reduce the finance charge rate?*

   a.) if his parents co-signed the loan
   b.) if his parents took out an additional mortgage on their house for the loan
   c.) if the loan was insured by the Federal Government
   d.) if he went to a state college rather than a private college

3. *Many people put aside money to take care of unexpected expenses. If Pedro and Susanna have money put aside for emergencies, in which of the following forms would it be of **least** benefit to them if they needed it right away?*

   a. checking account
   b. savings account
   c. stocks
   d. ***invested in a down payment on the house***

4. *Which of the following credit card users is likely to pay the **greatest** dollar amount in finance charges per year if they all charge the same amount per year on their cards?*

   a. Barbara, who always pays off her credit card bill in full shortly after she receives it
   b. Ellen, who generally pays off her credit card in full, but occasionally will pay the minimum when she is short of cash
   c. Nancy, who pays at least the minimum amount each month and more when she as the money
   d. Paul, who only pays the minimum amount each month

5. *Wendy worked her way through college earning $15,000 per year. After graduation her first job pays $30,000. The total dollar amount Wendy will have to pay in Federal Income taxes in her new job will:*

   a. be lower than when she was in college
   b. stay the same as when she was in college
   c. go up a little from when she was in college
   d. ***double, at least from when she was in college***

"That which we persist in doing becomes easier, not that the nature of the thing has changed, but our capacity to do it has increased."

Emerson

Correct Answers: 1.) c, 2.) d, 3.) d, 4.) d, 5.) d